

HOUSE No. 1016

The Commonwealth of Massachusetts

PRESENTED BY:

John F. Quinn

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to the conversion of a Massachusetts chartered bank or credit union to a federal or other charter.

PETITION OF:

NAME:

John F. Quinn

DISTRICT/ADDRESS:

9th Bristol

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 1060 OF 2007-2008.]

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT RELATIVE TO THE CONVERSION OF A MASSACHUSETTS CHARTERED BANK OR CREDIT UNION TO A FEDERAL OR OTHER CHARTER .

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority
of the same, as follows:*

1 SECTION 1. Section 36 of chapter 168 of the General Laws, as appearing in the 2006 Official Edition, is hereby
2 amended by striking out the first paragraph and inserting in place thereof the following paragraphs:—

3 Upon the affirmative vote of two-thirds of the corporators who vote on the proposal, a savings bank may
4 convert, subject to this section, into a savings bank or savings and loan association chartered under the laws of the
5 United States.

6 The board of trustees, by an affirmative vote of two-thirds of the entire board, shall approve any plan of
7 conversion and submit the plan to the commissioner for his review. Included with the plan shall be an information
8 statement to be sent to corporators which shall fully and fairly disclose all significant terms and steps to be taken for
9 the conversion and shall include but not be limited to:

10 (a) a statement as to why the board is considering the conversion.

11 (b) a statement of the major positive and negative business effects of the proposed conversion.

12 (c) the impact on the financial and other interests of depositors in the savings bank.

13 The commissioner may require changes to the plan of conversion and information statement. The
14 commissioner may also require any equitable disclosure he determines applicable to the transaction. The
15 commissioner may specify the form, type and other material aspects of the plan of reorganization and information
16 statement to be sent to members. The commissioner shall review the contents of the plan before the board of trustees
17 presents the conversion plan to the corporators for a vote. The commissioner shall approve the contents of the
18 conversion plan and information statement only if the commissioner is satisfied of all of the following:

19 (a) The plan discloses to the corporators information concerning the advantages and disadvantages of the
20 proposed conversion.

21 (b) The information statement discloses the impact on the depositors' financial and other interests in the
22 savings bank.

23 (c) The conversion would not be made to circumvent a pending supervisory action that is initiated by the
24 commissioner or other regulatory agency because of a concern over the safety and soundness of the savings bank.

25 Upon approval of the contents of the conversion plan and information statement by the commissioner, the
26 savings bank shall call a special meeting of the corporators to vote on the conversion plan. At least fourteen days
27 before the meeting, the savings bank shall mail to each corporator a notice of the meeting, the conversion plan and
28 information statement.

29 Certified copies of records of all proceedings held by the board of trustees and corporators of the savings
30 bank shall be filed with the commissioner. In addition the savings bank shall furnish a certified copy of consent or

31 approval of the federal regulatory authority. Upon acceptance of such charter the savings bank's charter from the
32 Commonwealth shall cease to exist.

33 Any person who willfully violates the disclosure provisions of this section knowing the disclosure made to
34 be false or misleading in any material respect shall upon conviction be fined not more than five thousand dollars or
35 imprisoned not more than three years or both.

36 SECTION 2. Section 37 of chapter 168, as so appearing, is hereby repealed.

37 SECTION 3. Section 28 of chapter 170 of the General Laws, as so appearing, is hereby amended by striking out the
38 first three paragraphs and inserting in place thereof the following paragraphs:—

39 Upon the affirmative vote of two-thirds of the shareholders who vote on the proposal, a co-operative bank
40 may convert, subject to this section, into a co-operative bank or savings bank or savings and loan chartered under the
41 laws of the United States.

42 The board of directors, by an affirmative vote of two-thirds of the entire board, shall approve any plan of
43 conversion and submit the plan to the commissioner for his review. Included with the plan shall be an information
44 statement to be sent to shareholders which shall fully and fairly disclose all significant terms and steps to be taken
45 for the conversion and shall include but not be limited to:

46 (a) a statement as to why the board is considering the conversion.

47 (b) a statement of the major positive and negative business effects of the proposed conversion.

48 (c) the impact on the shareholder's financial and other interests in the cooperative bank.

49 The commissioner may require changes to the plan of conversion and information statement. The
50 commissioner may also require any equitable disclosure he determines applicable to the transaction. The
51 commissioner may specify the form, type and other material aspects of the plan of reorganization and information
52 statement to be sent to shareholders.

53 The commissioner shall review the contents of the plan before the board of directors presents the
54 conversion plan to the shareholders for a vote. The commissioner shall approve the contents of the conversion plan
55 and information statement only if the commissioner is satisfied of all of the following:

56 (a) The plan discloses to the shareholders information concerning the advantages and disadvantages of the
57 proposed conversion.

58 (b) The information statement discloses the impact on the share-holder's financial and other interests in the
59 co-operative bank.

60 (c) The conversion would not be made to circumvent a pending supervisory action that is initiated by the
61 commissioner or other regulatory agency because of a concern over the safety and soundness of the co-operative
62 bank.

63 Upon approval of the contents of the conversion plan and information statement by the commissioner, the
64 co-operative bank shall call a special meeting of the shareholders to vote on the conversion plan. At least fourteen
65 days before the meeting, the co-operative bank shall mail to each shareholder a notice of the meeting, the conversion
66 plan and information statement.

67 Certified copies of records of all proceedings held by the board of directors and shareholders of the co-
68 operative bank shall be filed with the commissioner. In addition the co-operative bank shall furnish a certified copy
69 of consent or approval of the federal regulatory authority. Upon acceptance of such charter the co-operative bank's
70 charter from the Commonwealth shall cease to exist.

71 Any person who willfully violates the disclosure provisions of this section knowing the disclosure made to
72 be false or misleading in any material respect shall upon conviction be fined not more than five thousand dollars or
73 imprisoned not more than three years or both.

74 SECTION 4. Section 36 of chapter 172 of the General Laws, as so appearing, is hereby amended by
75 striking out subsection B and inserting in place thereof the following subsection:—

76 B. A trust company by vote of the holders of at least two-thirds of each class of capital stock at a meeting
77 duly called for the purpose, preceded by a notice in writing sent to each stockholder of record and to the
78 commissioner by registered mail at least sixty days before said meeting, may consolidate or merge into a national
79 banking association in accordance with the laws of the United States and without the approval of any authority of
80 the commonwealth.

81 Upon the affirmative vote of two-thirds of the holders of each class of capital stock who vote on the
82 proposal, a trust company may convert, subject to this section, into a trust company or commercial bank chartered
83 under the laws of the United States.

84 The board of directors, by an affirmative vote of two-thirds of the entire board, shall approve any plan of
85 conversion and submit the plan to the commissioner for his review. Included with the plan shall be an information

86 statement to be sent to stockholders which shall fully and fairly disclose all significant terms and steps to be taken
87 for the conversion and shall include but not be limited to:

- 88 (a) a statement as to why the board is considering the conversion.
- 89 (b) a statement of the major positive and negative business effects of the proposed conversion.
- 90 (c) the impact on the stockholder's financial and other interests in the trust company.

91 The commissioner may require changes to the plan of conversion and information statement. The
92 commissioner may also require any equitable disclosure he determines applicable to the transaction. The
93 commissioner may specify the form, type and other material aspects of the plan of reorganization and information
94 statement to be sent to stockholders.

95 The commissioner shall review the contents of the plan before the board of directors presents the
96 conversion plan to the stockholders for a vote. The commissioner shall approve the contents of the conversion plan
97 and information statement only if the commissioner is satisfied of all of the following:

- 98 (a) The plan discloses to the members information concerning the advantages and disadvantages of the
99 proposed conversion.
- 100 (b) The information statement discloses the impact on the stockholder's financial and other interests in the
101 trust company.
- 102 (c) The conversion would not be made to circumvent a pending supervisory action that is initiated by the
103 commissioner or other regulatory agency because of a concern over the safety and soundness of the trust
104 company.

105 Upon approval of the contents of the conversion plan and information statement by the commissioner, the
106 trust company shall call a special meeting of the stockholders to vote on the conversion plan. At least fourteen days
107 before the meeting, the trust company shall mail to each stockholder a notice of the meeting, the conversion plan and
108 information statement.

109 Certified copies of records of all proceedings held by the board of directors and stockholders of the trust
110 company shall be filed with the commissioner. In addition the trust company shall furnish a certified copy of consent
111 or approval of the federal regulatory authority. Upon acceptance of such charter the trust company's charter from
112 the Commonwealth shall cease to exist.

113 Any person who willfully violates the disclosure provisions of this section knowing the disclosure made to
114 be false or misleading in any material respect shall upon conviction be fined not more than five thousand dollars or
115 imprisoned not more than three years or both.

116 The commissioner may determine that documents to be sent to stockholders which have been submitted to
117 and reviewed by a federal agency meet the requirements of this subsection.